

## **HB 125 GENERALLY REVISE INSURANCE AND SECURITIES LAWS**

HB 125 is the housekeeping bill for the Office of the Commissioner of Securities and Insurance that generally updates language in the insurance and securities laws in Montana.

### **Sections 1 & 2 Amends MCA 15-30-2368 & Amends MCA 15-31-130**

Changes a reference in the small business health insurance tax credit statute from a specific section in the purchasing pool and tax credit program to a general reference because any future amendments to the program will not require future amendments to the cross-references in current law.

### **Section 3 & 4 Amends MCA 30-10-115 & Amends MCA 30-10-209**

Strikes portfolio to remove an ambiguity in current law. This change is the result of a Legislative Audit Division recommendation.

### **Section 5 Amends MCA 30-10-308**

Revises the time for judicial review of a Commissioner's order regarding securities from 60 days to 30 days to make the time for judicial review consistent with the 30 days in the Montana Administrative Procedure Act.

### **Section 6 Amends MCA 33-1-311**

Adds "another state agency" to the list of government entities that provide information or documents that the Commissioner must keep confidential if the entity providing the information or document also keeps it confidential. This is codifying current practice to ensure confidential information remains confidential.

### **Section 7 Amends MCA 33-2-601**

Deletes subsection (4) regarding excess deposits by insurers to discontinue regulating excess deposits. This change is the result of an audit done by the Legislative Audit Division.

### **Section 8 Amends MCA 33-2-1501**

Clarifies that captive risk retention groups are insurers because they must be subject to Montana laws dealing with Managing General Agents and Reinsurance Intermediaries. This is being done to be consistent with the National Association of Insurance Commissioners (NAIC) accreditation standards.

### **Section 9 Amends MCA 33-2-1903**

Requires all domestic insurers, including domestic captive risk retention groups, to provide Risk-Based Capital reports to the Commissioner to be consistent with the National Association of Insurance Commissioners (NAIC) financial solvency examination standards.

### **Section 10 Amends MCA 33-2-1904**

Requires a trend test for Risk-Based Capital reporting for all property and casualty insurers to be consistent with the National Association of Insurance Commissioners (NAIC) financial solvency examination standards.

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### **Section 11    Amends MCA 33-4-309**

Allows directors of farm mutual insurers to be elected by acclamation, which is being done at the request of the farm mutual insurers.

### **Section 12    Amends MCA 33-18-605**

Adds "credit report or insurance score" in the list of factors that cannot be used to negatively impact consumers in regard to personal insurance. "Credit report or insurance score" is defined in current law, whereas "credit score" is not. The change makes the statutory language consistent with terms already defined in current law.

### **Sections 13 & 14 & 15 Amends MCA 33-22-508, 33-22-1803, & 33-22-1821**

Removes "basic health plan" and "standard health benefit plan" requirements from the statute because such plans are not utilized and MCA 33-22-1827 and 33-22-1828 are being repealed. This is being done at the request of the health insurance industry.

### **Section 16    Amends MCA 33-22-2002**

Revises the definition of "group health plan" to be consistent with the definition in 33-22-501. Also revises the definition of "related employers" in subsection (11) used for eligibility determination to Insure Montana by removing the reference to the Internal Revenue Code and replacing it with language that already exists in the Insurance Code. This is more friendly to Montana's small businesses and is the result of an audit by the Legislative Audit Division.

### **Section 17    Amends MCA 33-22-2004**

Revise subsections (1)(c) and (1)(d) to clarify that priority will be given upon timely reapplication by employer participants in Insure Montana for premium assistance and premium incentive payments and that those reapplying late will be added to the waiting list, instead of having to wait a full year to reapply. This is more friendly to Montana's small businesses and removes problems with the current October 31 deadline.

### **Section 18    Amends MCA 33-22-2006**

Revises subsection (1)(c) to remove the specific reference to delinquent state "income" tax liability because of the ambiguity in current law.

### **Section 19    Amends MCA 33-22-2008**

Revises subsections (1) and (5) to make the application deadlines for Insure Montana coincide more closely with the renewal of the coverage and to clarify that the application deadline for the tax credit participants will be the end of the calendar year.

### **Section 20    Amends MCA 33-28-102**

Revises subsection (1)(e) to remove the limitation that protected cell captive insurers may only insure risks of its "participant affiliated company and controlled unaffiliated business entities" to make it consistent with the definition in MCA 33-28-101(25) that it insures the risks of any "participant."

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### **Section 21      Amends MCA 33-28-107**

Removes subsection (4)(b) so that the Commissioner can no longer waive the Risk-Based Capital report for captive risk retention groups, which is being done to be consistent with the National Association of Insurance Commissioners (NAIC) financial solvency examination standards.

### **Section 22      Amends MCA 33-28-108**

Revises subsection (1) to require the Commissioner to examine captive insurance companies every 5 years instead of every 3 years to be consistent with the 5 year examination period for other domestic insurers.

### **Section 23      Amends MCA 33-28-207**

Revises subsection (1) to make the Commissioner's general powers and duties and the insurance company holding system laws applicable to captive insurance companies to be consistent with the National Association of Insurance Commissioners (NAIC) accreditation standards. Revises subsection (1)(f) to allow pure captive insurance companies to voluntarily dissolve and liquidate upon prior notice to and approval of the Commissioner.

Adds subsection (4) regarding laws applicable to captive risk retention groups including the application of the actuarial opinion regarding reserves, risk-based capital and insurance holding company reporting requirements to be consistent with the requirements for other domestic insurers and with the National Association of Insurance Commissioners (NAIC) financial solvency examination standards.

**Section 24      Repeals MCA 33-2-609**, regulating excess deposits by insurers to discontinue regulating them, to be consistent with an audit done by the Legislative Audit Division.  
**Repeals MCA 33-22-103**, imposing criminal penalties on health insurers for noncompliance with certain provisions of the Montana Insurance Code because other penalties exist already in the Insurance Code.  
**Repeals MCA 33-22-1827**, benefits required in basic health benefit plan, because the plan is not sold in the market. Requested by the health insurance industry.  
**Repeals 33-22-1828**, benefits required in standard health benefit plan, because the plan is not sold in the market. Requested by the health insurance industry.